

Tax Cuts to Make Work Pay and Create Jobs: More than 35 percent of the package will provide direct tax relief to 95 percent of American workers, as President-elect Obama pledged, and spur investment and job growth for American businesses. To gain the support of the needed Senate Republicans, the amount of Make Work Pay Tax credit has been scaled back, the AMT has been added, and several business tax incentives have been added (cancellation of debt income).

- Tax Relief for American Families
 - Provides immediate and sustained tax relief to 95 percent of American workers through the Making Work Pay Tax Cut, a refundable tax credit of up to \$400 per worker (\$800 per couple filing jointly), phasing out completely at \$190,000 for couples filing jointly and \$95,000 for single filers.
 - Cuts taxes for the families of millions of children through an expansion of the child tax credit (allowing families to begin qualifying for the child tax credit with every dollar earned over \$3,000).
 - Expands the Earned Income Tax Credit by providing tax relief to families with three or more children and increasing marriage penalty relief.
 - Helps more than 4 million additional students attend college with a new, partially refundable \$2,500 tax credit for families.
 - Protects 26 million middle-class families from being hit by the AMT.
 - Helps first-time homebuyers and strengthens the housing market by enhancing the current credit for first-time home purchases with the removal of the repayment requirement.
 - Provides incentives to buy new cars, including light trucks and SUVs, with a tax deduction for State and local sales taxes paid on the purchase.
 - Temporarily suspends the taxation of some unemployment benefits.
- Business Tax Incentives to Create Jobs and Spur Investment
 - Helps businesses quickly recover costs of new capital investments by extending the bonus depreciation and increased small business expensing for businesses making investments in plants and equipment in 2009.
 - Includes a variety of provisions to help small business, including small business expensing for investment in new plants and equipment, loss carry back for small businesses, a delay of the 3% withholding tax on payments to businesses that sell goods or services to governments, and a cut in the capital gains tax cut for investors in small businesses who hold stock for more than five years.
 - Provides assistance to companies looking to reduce their debt burdens by delaying the tax on businesses that have discharged indebtedness, which will help these companies strengthen their balance sheets and obtain resources to invest in job creation.
 - Provides incentives to create new jobs with tax credits for hiring recently discharged unemployed veterans and youth that have been out of work and out of school for the 6 months prior to hire.
- Tax Incentives to Spur Energy Savings and Green Jobs
 - Provides \$20 billion in tax incentives for renewable energy and energy efficiency over the next 10 years.

- Includes a three-year extension of the production tax credit (PTC) for electricity derived from wind (through 2012) and for electricity derived from biomass, geothermal, hydropower, landfill gas, waste-to-energy, and marine facilities (through 2013).
 - Provides grants of up to 30 percent of the cost of building a new renewable energy facility to address current renewable energy credit market concerns.
 - Promotes energy-efficient investments in homes by extending and expanding tax credits through 2010 for purchases such as new furnaces, energy-efficient windows and doors, or insulation.
 - Provides a tax credit for families that purchase plug-in hybrid vehicles of up to \$7,500 to spur the next generation of American cars.
 - Includes clean renewable energy bonds for State and local governments.
 - Establishes a new manufacturing investment tax credit for investment in advanced energy facilities, such as facilities that manufacture components for the production of renewable energy, advanced battery technology, and other innovative next-generation green technologies.
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- Tax Incentives for State and Local Economic Development
 - Includes provisions to enhance the marketability for state and local government bonds, which will reduce the costs they incur in financing state and local infrastructure projects.
 - Includes a new bond-financing program for school construction, rehabilitation, and repair.